

**Great River Regional Waste Authority**

**Independent Auditor's Reports  
Basic Financial Statements and  
Supplementary Information  
Schedule of Findings**

**June 30, 2004**

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**Great River Regional Waste Authority  
Officials  
June 30, 2004**

<b>Name</b>	<b>Title</b>	<b>Area Represented</b>
Marc Lindeen	Chairperson	Henry County
John Emmett	Vice Chairperson	Iowa State Penitentiary
Susan Dunek	Authority Member	City of Keokuk
Steve Ireland	Authority Member	City of Fort Madison
Bob Woodruff	Authority Member	Lee County



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## Independent Auditor's Report

Authority Board  
Great River Regional Waste Authority  
Fort Madison, Iowa

We were engaged to audit the accompanying basic financial statements and supplemental schedules of Great River Regional Waste Authority as of and for the year ended June 30, 2004. These financial statements and supplemental schedules are the responsibility of the Authority's management.

We were unable to obtain written representations from management of the Authority as required by generally accepted auditing standards.

As described in Note 1, these financial statements are prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

As required by Government Auditing Standards, we have also issued our report dated September 28, 2005 on our consideration of Great River Regional Waste Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and contracts and grant agreements and other matters. The purpose of that reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance.

Great River Regional Waste Authority has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Because management did not provide us with written representations, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the financial statements referred to in the first paragraph.

*CPA Associates PC*

September 28, 2005

**Great River Regional Waste Authority**  
**Statement of Activities and Net Assets - Cash Basis**  
**Year Ended June 30, 2004**

	Program Receipts			Net (Disbursements) Receipts and Changes in Cash Basis Net Assets		
	Disbursements	Charges for Service	Operating Grants Contributions, and Restricted Interest	Governmental Activities	Business-Type Activities	Total
<b>Functions / Programs:</b>						
Governmental activities:						
Administration	\$ 51,036	\$ -	\$ -	\$ (51,036)	\$ -	\$ (51,036)
Landfill	12,032	-	-	(12,032)	-	(12,032)
Waste Diversion	10,705	-	-	(10,705)	-	10,705
Solid waste tonnage fees	136,550	-	1,236	(135,314)	-	(135,314)
Net purchases of investments	56,422	-	-	(56,422)	-	(56,422)
Debt service	895,069	-	17,881	(877,188)	-	(877,188)
Closure/Post Closure	10,390	-	46,651	36,261	-	36,261
Capital projects	207,484	-	-	(207,484)	-	(207,484)
Total government activities	<u>1,379,688</u>	<u>-</u>	<u>65,768</u>	<u>(1,313,920)</u>	<u>-</u>	<u>(1,313,920)</u>
Business type activities:						
Administration	334,081	40,137	-	-	(293,944)	(293,944)
Landfill and transfer station	1,193,957	1,950,856	-	-	756,899	756,899
Compost, Waste Diversion and Landscape (Earthy Goods)	1,286,309	419,695	-	-	(866,614)	(866,614)
Lee County Works program	69,297	75,135	-	-	5,838	5,838
Total business type activities	<u>2,883,644</u>	<u>2,485,823</u>	<u>-</u>	<u>-</u>	<u>(397,821)</u>	<u>(397,821)</u>
Total	<u>\$ 4,263,332</u>	<u>\$ 2,485,823</u>	<u>\$ 65,768</u>	<u>(1,313,920)</u>	<u>(397,821)</u>	<u>(1,711,741)</u>
<b>General Receipts:</b>						
Waste management fees				-	1,378,989	1,378,989
Unrestricted investment earnings				1,707	9,434	11,141
Loan proceeds				-	6,000	6,000
Transfers				1,466,275	(1,466,275)	-
Miscellaneous				-	13,835	13,835
Total general receipts and transfers				<u>1,467,982</u>	<u>(58,017)</u>	<u>1,409,965</u>
Change in cash basis net assets				154,062	(455,838)	(301,776)
Cash basis net assets beginning of year				<u>2,242,585</u>	<u>1,550,985</u>	<u>3,793,570</u>
Cash basis net assets end of year				<u>\$ 2,396,647</u>	<u>\$ 1,095,147</u>	<u>\$ 3,491,794</u>
<b>Cash Basis Net Assets:</b>						
Restricted:						
Debt service				\$ 665,687	\$ -	\$ 665,687
Closure/Post Closure				1,250,058	-	1,250,058
Solid Waste tonnage fees collected and retained				380,348	-	380,348
Unrestricted				<u>100,554</u>	<u>1,095,147</u>	<u>1,195,701</u>
<b>Total cash basis net assets</b>				<u>\$ 2,396,647</u>	<u>\$ 1,095,147</u>	<u>\$ 3,491,794</u>

See notes to financial statements.

**Great River Regional Waste Authority**  
**Statement of Cash Receipts, Disbursements and Changes in Cash Balances - Governmental Funds**  
**Year Ended June 30, 2004**

	Debt Service	Capital Projects	Closure/ Post Closure	Solid Waste Tax	Planning	Equipment Reserve	Public Education and Waste Retention	Total
<b>Receipts</b>								
Interest and finance charges	\$ 17,881	\$ 1,465	\$ 46,651	\$ 290	\$ 696	\$ 242	\$ 250	\$ 67,475
Total receipts	<u>17,881</u>	<u>1,465</u>	<u>46,651</u>	<u>290</u>	<u>696</u>	<u>242</u>	<u>250</u>	<u>67,475</u>
<b>Disbursements</b>								
Operating:								
Administration	-	-	-	-	46,027	-	5,009	51,036
Landfill	-	-	-	-	-	12,032	-	12,032
Waste Diversion	-	-	-	-	-	-	10,705	10,705
Closure/Post Closure	-	-	10,390	-	-	-	-	10,390
Capital projects	-	207,484	-	-	-	-	-	207,484
Total disbursements	<u>-</u>	<u>207,484</u>	<u>10,390</u>	<u>-</u>	<u>46,027</u>	<u>12,032</u>	<u>15,714</u>	<u>291,647</u>
Excess (deficiency) of receipts over disbursements	<u>17,881</u>	<u>(206,019)</u>	<u>36,261</u>	<u>290</u>	<u>(45,331)</u>	<u>(11,790)</u>	<u>(15,464)</u>	<u>(224,172)</u>
<b>Other Financing Sources and (Uses)</b>								
Net operating transfers from Proprietary Fund	894,694	200,000	46,396	199,932	26,911	60,000	38,342	1,466,275
Bonds retired/interest paid	(895,069)	-	-	-	-	-	-	(895,069)
Purchase of investments	-	-	(439,328)	-	-	-	-	(439,328)
Sales of investments	-	-	382,906	-	-	-	-	382,906
Solid waste tonnage fees	-	-	-	(136,550)	-	-	-	(136,550)
Total other financing sources and (uses)	<u>(375)</u>	<u>200,000</u>	<u>(10,026)</u>	<u>63,382</u>	<u>26,911</u>	<u>60,000</u>	<u>38,342</u>	<u>378,234</u>
<b>Net change in cash balances</b>	17,506	(6,019)	26,235	63,672	(18,420)	48,210	22,878	154,062
Cash balances beginning of year	<u>648,181</u>	<u>10,229</u>	<u>1,223,823</u>	<u>52,323</u>	<u>201,042</u>	<u>48,134</u>	<u>58,853</u>	<u>2,242,585</u>
Cash balance end of year - restricted	<u>\$ 665,687</u>		<u>\$ 1,250,058</u>	<u>\$ 115,995</u>	<u>\$ 182,622</u>		<u>\$ 81,731</u>	<u>\$ 2,296,093</u>
- unrestricted		<u>\$ 4,210</u>				<u>\$ 96,344</u>		<u>\$ 100,554</u>

See notes to financial statements.

**Great River Regional Waste Authority**  
**Statement of Cash Receipts, Disbursements and Changes in Cash Balances - Proprietary Fund**  
**Year Ended June 30, 2004**

**Operating receipts**

Gate receipts	\$ 1,950,856
Landscape and recyclable sales	419,695
Lee County Works program	75,135
Miscellaneous revenue	<u>40,137</u>
Total operating receipts	<u>2,485,823</u>

**Operating disbursements**

Administration	334,081
Landfill	897,658
Transfer station	296,299
Waste Diversion	194,600
Compost	1,079,863
Lee County Works program	69,297
Landscape (Earthy Goods)	<u>11,846</u>
Total operating disbursements	<u>2,883,644</u>

Excess of operating receipts over operating disbursements (397,821)

**Non-operating receipts (disbursements)**

Net operating transfers out of Proprietary Fund	(1,466,275)
Waste management fees	1,378,989
Loan proceeds	6,000
Interest and finance charges	9,434
Henry County contract	15,064
Solid waste tax remittance	<u>(1,229)</u>
Net non-operating receipts (disbursements)	<u>(58,017)</u>

**Change in cash basis net assets**

(455,838)

Net assets - cash basis beginning of year

1,550,985

Net assets - cash basis end of year

\$ 1,095,147

See notes to financial statements.

**Great River Regional Waste Authority**  
**Notes to Financial Statements**

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**Note 1. Summary of Significant Accounting Policies**

Great River Regional Waste Authority was formed in 1988 pursuant to the provisions of Chapter 28E of the Code of Iowa. The purpose of the Authority is to develop, operate and maintain solid waste and recycling facilities in Lee and Henry Counties on behalf of the units of government, which are members of the Authority.

The governing body of the Authority is composed of one representative from each of the five members. The commissioners are appointed by the participating political subdivisions and each has one vote.

Reporting Entity

For financial reporting purposes, Great River Regional Waste Authority has included all funds, organizations, agencies, boards, commissions and authorities. The Authority has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the Authority are such that exclusion would cause the Authority's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the Authority to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the Authority. The Authority has no component units which meet the Governmental Accounting Standards Board criteria.

Basis of Presentation

Government-Wide Financial Statements - The Statement of Activities and Net Assets reports information on all of the nonfiduciary activities of the Authority. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for services.

The Statement of Activities and Net Assets presents the Authority's nonfiduciary net assets. Net assets are reported in two categories:

*Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets that do not meet the definition of the preceding category. Unrestricted net assets often have constraints on resources imposed by management, which can be removed or modified.

**Great River Regional Waste Authority**  
**Notes to Financial Statements**

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**Note 1. Summary of Significant Accounting Policies (continued)**

The Statement of Activities and Net Assets demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements - Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and the individual enterprise fund are reported as separate columns in the fund financial statements. Management has elected to treat all funds as major funds.

The Authority reports the following major governmental funds:

The Debt Service Fund provides funds for the retirement of bond issues. The capital lease and notes payable principal and interest payments were made from the Proprietary Fund.

The Capital Projects Fund is used to account for the sale of bonds, other short-term financing receipts and the expenditure of these receipts. This financing is primarily used for costs associated with the sale of the bonds and for the establishment of a leachate recirculation project in Phase II of the landfill according to the Authority's comprehensive plan. Phase II is the area of the landfill where waste is currently being disposed.

The Closure/Post-Closure Fund was established to provide funds for costs incurred for closure and post-closure activities as described in Note 7.

The Solid Waste Tax Fund was established to account for the payment of the Solid Waste Tax. This tax is payable to the Iowa Department of Natural Resources. The Authority collects four dollars and seventy-five cents per ton for equivalent volumes of solid waste subject to the state tax that is received and disposed of at the Authority. Three dollars and thirty cents per ton is remitted to the Iowa Department of Natural Resources. The Authority is allowed to keep one dollar and forty-five cents per ton if the solid waste reduction goals set by the Iowa Department of Natural Resources are achieved.

The Planning Fund was established to account for restricting and using solid waste tonnage fees retained by the Authority in accordance with Chapter 455B.310 of the Code of Iowa.

The Public Education and Waste Retention Fund was established to account for restricting and using solid waste tonnage fees retained by the Authority in accordance with Chapter 455B.310 of the Code of Iowa.

The Equipment Reserve Fund was established to provide funds for costs incurred to purchase and maintain necessary solid waste management equipment.

**Great River Regional Waste Authority**  
**Notes to Financial Statements**

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**Note 1. Summary of Significant Accounting Policies** (continued)

The Authority reports one major proprietary fund. The Proprietary Fund is the general operating fund of the Authority. All receipts except for restricted and designated investment earnings are accounted for in the Proprietary Fund. All general receipts and other receipts that are allocated by law or contractual agreement to some other fund are transferred from the Proprietary Fund to the appropriate governmental fund. From the Proprietary Fund are paid the general operating disbursements, the fixed charges and the capital improvement costs that are not paid through other funds.

Measurement Focus and Basis of Accounting

The Great River Regional Waste Authority maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the Authority are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items including the estimated payables for closure and post-closure care costs. Accordingly, the financial statements do not present the financial position and results of operations of the Authority in accordance with U.S. generally accepted accounting principles.

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

Cash Equivalents

The Authority considers all short-term investments that are highly liquid to be cash equivalents. Cash equivalents are readily convertible into known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

**Note 2. Cash and Investments**

The Authority's deposits in banks at June 30, 2004 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The Authority is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Authority Board and the Treasurer of the State of Iowa; prime eligible bankers acceptances; certain high rated commercial paper, perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The Authority's investments are categorized to give an indication of the level of risk assumed by the Authority at year end. The Authority's investments are Category 1 and 3. Category 1 investments are insured, registered or held by the Authority or its agent in the Authority's name and have a fair value at June 30, 2004 of \$822,170. Category 3 investments are registered to the Authority's predecessor, the Lee County Solid Waste Commission and have a fair value at June 30, 2004 of \$16,022.

**Great River Regional Waste Authority**  
**Notes to Financial Statements**

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**Note 2. Cash and Investments** (continued)

The Authority has investments in U.S. Treasury Zero Coupon bond interest and principle strips, government agency notes and mortgage backed securities. The investments are secured either in the Authority safe deposit box or are held by a SIPC member broker-dealer. The investments secured in the safe deposit box are registered to the Lee County Solid Waste Management Commission. All of the investments are part of the closure/post-closure fund, in addition to the \$1,250,058 cash balance.

The investments mature from May 15, 2002 (redeemed August 2004) to September 15, 2032. They have a fair value at June 30, 2004 of \$838,192.

**Note 3. Financing Information**

2003 Bond Issuance

General Obligation Solid Waste Disposal Refunding Bonds were issued on March 18, 2003 through Lee County, Iowa in the amount of \$3,400,000. The proceeds of this issuance were used to retire the 1996 Bond Issuance and related interest.

Interest is due on the first of December and June of each year, commencing December 1, 2003. Interest rates on the bond issue vary from 1.3% in the first year to 2.2% in the last year. Principal payments are due on June 1 of each year.

The Authority is retiring this debt by paying regular installments based on the requirements of the repayment schedule to the Debt Service fund established at Fort Madison Bank & Trust, through June, 2007. The Authority paid \$820,000 in principal and \$74,694 in interest for a total of \$894,694 during the year ended June 30, 2004.

The following is a summary of the annual requirements of the 2003 bond issue:

Year ending <u>June 30,</u>	Interest <u>Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	1.60%	850,000	49,095	899,095
2006	1.90%	855,000	35,495	890,495
2007	2.20%	<u>875,000</u>	<u>19,250</u>	<u>894,250</u>
		<u>\$ 2,580,000</u>	<u>\$ 103,840</u>	<u>\$ 2,683,840</u>

Due to the lack of flow control and the favorable interest rates of a general obligation bond, the Solid Waste Disposal Revenue Refunding Bonds issued on behalf of the Authority are backed by General Obligation Bonds issued by Lee County. To date, the Authority has met all of its debt obligations either from general operations or by refinancing the current debt, therefore no outstanding amounts are due Lee County other than upcoming requirements.

**Great River Regional Waste Authority**  
**Notes to Financial Statements**

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**Note 3. Financing Information** (continued)

Solid Waste Alternatives Program Loan

The Authority was selected by the Iowa Department of Natural Resources to participate in a Solid Waste Alternatives Program project. The award provides up to \$296,250 in the form of a forgivable loan of \$20,000, a zero interest loan of \$150,000, and 3% interest loan of \$126,250. A total of \$211,291.50 has been drawn on the loan as of June 30, 2004 with the balance to be drawn in future periods. During the fiscal year ended June 30, 2004, the Authority paid \$39,461 in principal and \$2,030 in interest for a total of \$41,491. The June 30, 2004 balance of \$122,235 is due in quarterly installments of \$10,373 including interest on a portion of the balance of 3% per year through July 2009. The future maturities of the loan proceeds received are as follows:

Year ending <u>June 30,</u>	Interest <u>Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	0%/3%	39,461	2,027	41,488
2006	0%/3%	39,461	2,027	41,488
2007	0%/3%	39,461	2,027	41,488
2008	0%/3%	<u>3,852</u>	<u>1,660</u>	<u>5,512</u>
		<u>\$ 122,235</u>	<u>\$ 7,741</u>	<u>\$ 129,976</u>

Lease Purchase Contracts

A Caterpillar dump truck is being acquired under a capital lease commencing June, 2000. During the fiscal year ended June 30, 2004, the Authority paid \$15,399 in principal and \$1,782 in interest for a total of \$17,181. The June 30, 2004 balance of \$13,216 is due in monthly installments of \$1,384 including interest at 6.65% per year through June, 2005.

A 963C Track loader is being acquired under a capital lease commencing August, 2001. During the fiscal year ended June 30, 2004, the Authority paid \$29,777 in principal and \$4,035 in interest for a total of \$33,812. The June 30, 2004 balance of \$64,225 is due in monthly installments of \$2,583 including interest at 4.8% per year through July 2006.

A power screener is being acquired under a capital lease commencing July, 2001. During the fiscal year ended June 30, 2004, the Authority paid \$16,355 in principal and \$2,190 in interest for a total of \$18,545. The June 30, 2004 balance of \$30,874 is due in monthly installments of \$1,515 including interest at 7% per year through July, 2006.

A CMI Biogrind 400 grinder is being acquired under a capital lease commencing September, 2002. During the fiscal year ended June 30, 2004, the Authority paid \$29,480 in principal and \$20,009 in interest for a total of \$49,489. The June 30, 2004 balance of \$208,465 is due in semi-annual installments of \$16,946 including interest at 5.84% per year through June, 2012.

**Great River Regional Waste Authority**  
**Notes to Financial Statements**

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**Note 3. Financing Information** (continued)

A Mitsubishi lift truck is being acquired under a capital lease commencing September, 2003. During the fiscal year ended June 30, 2004, the Authority paid \$6,008 in principal and \$1,049 in interest for a total of \$7,057. The June 30, 2004 balance of \$22,124 is due in monthly installments of \$642 including interest at 4.5% per year through September, 2007.

A Powerscreen shredder is being acquired under a capital lease commencing July, 2003. During the fiscal year ended June 30, 2004, the Authority paid \$49,601 in principal and \$14,783 in interest for a total of \$64,384. The June 30, 2004 balance of \$296,249 is due in semi-annual installments of \$21,461 including interest at 4.83% per year through December, 2012.

A Caterpillar 942G loader is being acquired under a capital lease commencing July, 2003. During the fiscal year ended June 30, 2004, the Authority paid \$19,012 in principal and \$2,763 in interest for a total of \$21,775. The June 30, 2004 balance of \$77,906 is due in monthly installments of \$2,177 including interest at 4.75% per year through July, 2007.

The minimum future lease payments under these capital leases are summarized as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 142,115	\$ 33,813	\$ 175,928
2006	98,145	26,717	124,862
2007	121,419	21,276	142,695
2008	63,473	17,439	80,912
2009	61,621	14,293	75,914
Thereafter	<u>226,286</u>	<u>22,921</u>	<u>249,207</u>
	<u>\$ 713,059</u>	<u>\$ 136,459</u>	<u>\$ 849,518</u>

The minimum future payments of all debt principal and interest are summarized as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	1,031,576	84,935	1,116,511
2006	992,606	64,239	1,056,845
2007	1,035,880	42,553	1,078,433
2008	67,325	19,099	86,424
2009	61,621	14,293	75,914
Thereafter	<u>226,286</u>	<u>22,921</u>	<u>249,207</u>
	<u>\$ 3,415,294</u>	<u>\$ 248,040</u>	<u>\$ 3,663,334</u>

**Great River Regional Waste Authority**  
**Notes to Financial Statements**

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**Note 4. Pension and Retirement Benefits**

The Authority contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 3.70% of their annual salary, and the Authority is required to contribute 5.75% of annual covered payroll. Contribution requirements are established by state statute. The Authority's contribution to IPERS for the years ended June 30, 2004, 2003, and 2002 were \$33,978, \$26,625, and \$39,380, respectively, equal to the required contributions for each year.

**Note 5. Compensated Absences**

Authority employees accumulate vacation hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the Authority until used or paid. The liabilities are computed based on rates of pay as of June 30, 2004. The current balance relating to the Proprietary Fund at June 30, 2004 is \$27,345.

**Note 6. Long Term Contracts**

During June, 1995 the Authority entered into a 15 year contract with one of its member counties, commencing July 1, 1995. Henry County will be guaranteed landfill space and an ongoing voice in the operations of the Authority. The annual payment reflects the amount of Henry County's portion of the debt using 6.5% per annum. During the fiscal year ended June 30, 2004, the Authority received the annual contract price of \$15,064 from Henry County. Payments will be received annually, with the final payment due July 1, 2009.

**Note 7. Solid Waste Tonnage Fees Retained**

The Authority restricts and uses those portions of solid waste tonnage fees retained in accordance with Chapter 455B.310 of the Code of Iowa. As required by the Code of Iowa, fifty cents per ton of the solid waste tonnage fee may be retained but must be used for the following: (1) development and implementation of an approved comprehensive plan, (2) development of a closure or postclosure care plan, (3) development of a plan for the control and treatment of leachate which may include a facility plan or detailed plans and specifications, and (4) preparation of a financial plan. Ninety-five cents of the solid waste tonnage fees are also retained to be used for the purpose of implementation of waste volume reduction and recycling required by the Authority's approved comprehensive plan. The fees retained may also be used for other environmental protection and environmental compliance activities.

At June 30, 2004 the Authority had \$264,353 in unspent tonnage fees in restricted Planning and Public Education and Waste Retention funds.

**Great River Regional Waste Authority**  
**Notes to Financial Statements**

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**Note 8. Closure and Post-Closure Care Cost**

To comply with federal and state requirements, the Authority is required to complete a monitoring system plan and a closure/post-closure plan to provide funding necessary to effect closure and post-closure, including the proper monitoring and care of the landfill after closure. Environmental Protection Agency (EPA) requirements have established closure and thirty year care requirements for all municipal solid waste landfills that receive waste after October 9, 1993. State governments are primarily responsible for implementation and enforcement of those requirements and have been given flexibility to tailor requirements to accommodate local conditions that exist. The effect of the EPA requirement is to commit landfill owners to perform certain closing functions and post-closure monitoring functions as a condition for the right to operate the landfill in the current period. Once the landfill is closed, the owner is responsible for maintaining the final cover, monitoring ground water and methane gas, and collecting and treating leachate for thirty years.

Governmental Accounting Standards Board Statement No. 18 requires landfill owners to estimate total landfill closure and post-closure care costs and recognize a portion of these costs each year based on the percentage of estimated total landfill capacity used that period. Estimated total costs would consist of four components: (1) the cost of equipment and facilities used in post-closure monitoring care, (2) the cost of final cover (material and labor), (3) the cost of monitoring the landfill during the post-closure period and (4) the cost of any environmental cleanup required after closure. Estimated total cost would be based on the cost to purchase those services and equipment currently and would be required to be updated annually for changes to inflation or deflation, technology, or applicable laws or regulations.

The estimated liability for closure and post-closure care was reviewed by the Authority in March, 2004. The closure/post-closure liability for phase II, region 1 of the Authority's landfill is estimated at \$963,344 for closure and \$1,050,630 for postclosure, for a total of \$2,013,974. Actual cost may be higher due to inflation, changes in technology or changes in regulations. The estimated remaining life of the landfill is five years. The fair market value of funds the Authority has restricted and reserved for closure and post-closure care is \$2,088,250 at June 30, 2004.

Closure/post-closure costs for phase I are not included in the estimate as this facility ceased accepting waste in March of 1993. The Authority had previously established annual reserve fund payments of \$15,000 to offset the closure/post-closure expenses for phase I. These amounts are based on what it would cost to perform all post-closure care during the year ended June 30, 1995. Actual cost may be higher due to inflation, changes in technology or changes in regulations.

Payments and transfers to the Closure/Post Closure Fund totaled \$46,396 for the year ended June 30, 2004.

**Note 9. Litigation**

A lawsuit has been filed by a competing agency, Des Moines County Regional Solid Waste Commission, alleging that the Authority accepted waste from the Des Moines County planning area in violation of state law. The plaintiff seeks to recover lost revenues estimated at \$100,000 to \$110,000. The Authority plans to file a motion to dismiss on the basis that the plaintiff failed to resolve the issue administratively through the Iowa Department of Natural Resources.

**Great River Regional Waste Authority**  
**Notes to Financial Statements**

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**Note 10. Risk Management**

Great River Regional Waste Authority is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool, whose members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each members' annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 300 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The Authority's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The Authority's annual contributions to the Pool for the year ended June 30, 2004 were \$32,093.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$250,000 per claim. Claims exceeding \$250,000 are reinsured in an amount not to exceed \$1,750,000 per claim and \$5,000,000 in aggregate per year. For members requiring specific coverage from \$2,000,000 to \$15,000,000, such excess coverage is also reinsured. All property risks, including automobile physical damage, are also reinsured on an individual-member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The Authority does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2004, no liability has been recorded in the Authority's financial statements. As of June 30, 2004, settled claims have not exceeded the risk pool or reinsurance company coverage in any of the past three fiscal years.

**Great River Regional Waste Authority**  
**Notes to Financial Statements**

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**Note 10. Risk Management** (continued)

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their capital contributions. After the sixth year, the member is refunded 100 percent of its capital contributions, however, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one-year period following withdrawal and the member's proportionate share of any capital deficiency.

The Authority also carries commercial insurance purchased from other insurers for coverage associated with the employee blanket bond. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**Note 11. Related Party Transactions**

The Authority had business transactions with related parties as follows:

Employer of Authority Board member - hauling	\$ 97,913
Relative of Authority Board member - compost supplies	22,758
Relatives of employees - services	1,143

**Note 12. Accounting Change**

For the year ended June 30, 2004, the Authority implemented Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments; Statement No. 37, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus; and Statement No. 38, Certain Financial Statement Note Disclosures.

Implementation of these standards had no effect on the beginning balances of the Authority.

**Great River Regional Waste Authority**  
**Supplemental Schedule of Investments**  
**Year Ended June 30, 2004**

<u>Security</u>	<u>Maturity (Call) Date</u>	<u>Interest Rate</u>	<u>Cost</u>	<u>Fair Market Value</u>
\$10,000 U.S. Treasury Bond stripped interest payment	5/15/2002 *	- %	3,431	10,000
\$10,000 U.S. Treasury Bond stripped interest payment	2/15/2009	- %	1,947	6,022
\$10,000 U.S. Treasury Bond stripped principle payment	11/15/2018	- %	984	4,589
\$10,000 U.S. Treasury Bond stripped interest payment	8/15/2012	- %	1,587	6,854
\$10,000 U.S. Treasury Bond stripped interest payment	8/15/2005	- %	2,591	9,768
\$10,000 U.S. Treasury Bond stripped interest payment	2/15/2019	- %	931	4,508
\$10,000 U.S. Treasury Bond stripped interest payment	11/15/2016	- %	1,234	5,214
\$10,000 U.S. Treasury Bond stripped interest payment	5/15/2017	- %	1,197	5,040
\$10,000 U.S. Treasury Bond stripped interest payment	8/15/2010	- %	1,731	7,718
\$10,000 U.S. Treasury Bond stripped interest payment	8/15/2014	- %	1,431	6,045
\$10,000 U.S. Treasury Bond stripped interest payment	2/15/2007	- %	2,294	9,218
\$245,000 GNMA II Guaranteed Pass thru certificate	6/20/2028	6 %	54,015	48,570
\$300,000 GNMA II Guaranteed Pass thru certificate	7/20/2028	6.5 %	44,506	40,640
\$300,000 GNMA II Guaranteed Pass thru certificate	11/20/2028	6.5 %	45,581	41,674
\$200,000 GNMA II Guaranteed Pass thru certificate	12/20/2028	6 %	49,295	44,931
\$215,000 GNMA II Guaranteed Pass thru certificate	1/20/2030	6 %	56,918	51,733
\$105,000 GNMA II Guaranteed Pass thru certificate	3/20/2029	6.5 %	16,650	15,535
\$150,000 GNMA II Guaranteed Pass thru certificate	4/20/2028	6 %	28,021	26,628
\$72,000 GNMA II Guaranteed Pass thru certificate	1/20/2032	6 %	26,659	25,163
\$47,000 GNMA II Guaranteed Pass thru certificate	9/15/2032	6.5 %	32,482	31,472
\$80,000 GNMA II Guaranteed Pass thru certificate	6/20/2031	6 %	24,976	23,736
\$350,000 GNMA II Guaranteed Pass thru certificate	4/20/2031	6 %	9,989	9,583
\$97,000 GNMA II Guaranteed Pass thru certificate	3/20/2031	6 %	26,320	25,511
\$140,000 GNMA II Guaranteed Pass thru certificate	7/20/2031	6 %	43,596	42,333
\$110,000 GNMA II Guaranteed Pass thru certificate	10/20/2031	6 %	39,354	38,872
\$65,000 GNMA Guaranteed Pass thru certificate	11/15/2028	6 %	17,862	17,037
Federal Home Loan Mortgage Corp Medium Term Note	3/15/2019			
	(3/15/2007)	4 %	80,000	74,801
Federal Home Loan Mortgage Corp Medium Term Note	4/27/2012	4.25 %	10,000	9,521
Federal Home Loan Mortgage Corp Note	2/24/2017	5.25 %	112,755	102,234
Federal Home Loan Mortgage Corp Note	5/15/2017	5 %	<u>102,033</u>	<u>93,242</u>
Total			<u>\$ 840,370</u>	<u>\$ 838,192</u>

\* Redeemed August, 2005.

**Great River Regional Waste Authority**  
**Supplemental Schedule of Indebtedness**  
**Year Ended June 30, 2004**

<u>Obligation</u>	<u>Date of Issuance</u>	<u>Maturity (Call) Date</u>	<u>Interest Rate</u>	<u>Amount Originally Issued</u>	<u>Balance Beginning of Year</u>	<u>Issued During Year</u>	<u>Redeemed During Year</u>	<u>Balance End of Year</u>	<u>Interest Paid</u>
General Obligation Bonds:									
2003 refunding bond issue	3/18/2003	6/1/2007 (serial)	1.3 - 2.2%	\$ 3,400,000	<u>\$ 3,400,000</u>	<u>\$ -</u>	<u>\$ 820,000</u>	<u>\$ 2,580,000</u>	<u>\$ 74,694</u>
Capital Lease Obligations:									
Caterpillar Financial Services Corporation - Cat D250E Dump Truck	6/2000	6/2005	6.65%	70,475	\$ 28,615	\$ -	\$ 15,399	\$ 13,216	\$ 1,782
State Central Bank - Cat 963C Track Loader	8/2001	8/2006	4.8%	149,933	94,002	-	29,777	64,225	4,035
Lease Finance Group - Power Screener	7/2001	7/2006	7.0%	78,551	47,229	-	16,355	30,874	2,190
Altorfer, Inc. - Mitsubishi Lift Truck	9/2003	9/2007	4.5%	28,132	-	28,132	6,008	22,124	1,049
Wells Fargo Brokerage Services - Powerscreen Shredder	7/2003	12/2012	4.83%	345,850	-	345,850	49,601	296,249	14,783
Caterpillar Financial Services - 942G Loader	7/2003	7/2007	3.75%	96,918	-	96,918	19,012	77,906	2,763
Wells Fargo Brokerage Services - CMI Biogrind 400	9/2002	6/2012	5.84%	251,100	<u>237,945</u>	<u>-</u>	<u>29,480</u>	<u>208,465</u>	<u>20,009</u>
Total					<u>\$ 407,791</u>	<u>\$ 470,900</u>	<u>\$ 165,632</u>	<u>\$ 713,059</u>	<u>\$ 46,611</u>
Notes payable:									
Iowa Department of Natural Resources - SWAP loan	1/2002	7/2009	0.00 %	\$ 150,000	\$ 132,358	\$ -	\$ 33,546	\$ 98,812	\$ 1,726
Iowa Department of Natural Resources - SWAP loan	1/2002	7/2009	3 %	41,291	<u>23,338</u>	<u>6,000</u>	<u>5,915</u>	<u>23,423</u>	<u>304</u>
Total					<u>\$ 155,696</u>	<u>\$ 6,000</u>	<u>\$ 39,461</u>	<u>\$ 122,235</u>	<u>\$ 2,030</u>

**Great River Regional Waste Authority**  
**Supplemental Schedule of Cash Disbursements - Proprietary Fund**  
**Year Ended June 30, 2004**

Administration:		
Salaries and wages		\$ 150,528
Payroll taxes and employee benefits		69,187
Operations		106,113
Equipment		<u>8,253</u>
		<u>334,081</u>
Landfill:		
Salaries and wages		184,452
Payroll taxes and employee benefits		72,586
Operations		414,106
Equipment		<u>226,514</u>
		<u>897,658</u>
Transfer station:		
Salaries and wages		93,108
Payroll taxes and employee benefits		29,661
Operations		160,938
Equipment		<u>12,592</u>
		<u>296,299</u>
Waste diversion:		
Salaries and wages		84,505
Payroll taxes and employee benefits		42,244
Operations		55,400
Equipment		<u>12,451</u>
		<u>194,600</u>
Compost:		
Salaries and wages		108,052
Payroll taxes and employee benefits		50,749
Operations		609,689
Equipment		<u>311,373</u>
		<u>1,079,863</u>
Lee County Works program:		
Salaries and wages		65,562
Payroll taxes and employee benefits		<u>3,735</u>
		<u>69,297</u>
Landscape (Earthly Goods):		
Salaries and wages		-
Payroll taxes and employee benefits		-
Operations		<u>11,846</u>
		<u>11,846</u>
 Total disbursements		 <u>\$ 2,883,644</u>



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## **Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting**

To the Members of the  
Great River Regional Waste Authority

We were engaged to audit the financial statements of Great River Regional Waste Authority as of and for the year ended June 30, 2004, and have issued our report thereon dated September 28, 2005. Because management did not provide us with written representations, the scope of our work was not sufficient to enable us to express, and we did not express, an opinion on the financial statements.

### Compliance

As part of our audit engagement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of the audit engagement and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance that are required to be reported under Governmental Auditing Standards. However, we noted certain immaterial instances of non-compliance that are described in the accompanying Schedule of Findings and reported to management in a separate letter dated September 28, 2005.

Comments involving statutory and other legal matters about the Authority's operations for the year ended June 30, 2004 are based exclusively on knowledge obtained from procedures performed. Since the procedures performed were based on tests and samples, not all transactions that might have had an impact on the comments were necessarily included. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes. Prior year statutory comments have not been resolved.

### Internal Control Over Financial Reporting

We considered Great River Regional Waste Authority's internal control over financial reporting in order to determine the procedures for our audit engagement and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Great River Regional Waste Authority's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the Schedule of Findings.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we believe items (A), (B) and (C) are material weaknesses.

This report, a public record by law, is intended solely for the information and use of the members and constituents of Great River Regional Waste Authority and other parties to whom the Authority may report. This report is not intended to be and should not be used by anyone other than these specified parties.

*CPA Associates PC*

September 28, 2005

**Great River Regional Waste Authority**  
**Schedule of Findings**  
**Year Ended June 30, 2004**

**Findings Related to the Financial Statements:**

**Instance of Non-Compliance**

No matters were reported.

**Reportable Conditions**

- (A) Segregation of Duties - During our review of internal controls, the existing control activities are evaluated in order to determine incompatible duties, from a control standpoint, and not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the Authority's financial statements. Generally, one individual has control over the account billings, collecting, depositing, posting and reconciling of receipts, for which no compensating controls exist. In addition, accounting software passwords are shared and the signature stamp for the second check signer is retained and used by the first check signer.

Recommendation - We realize segregation of duties is difficult with a limited number of employees. However, the operating procedures should be reviewed to obtain the maximum internal control possible under the circumstances. Current personnel should be utilized to provide additional control through review of financial transactions and reconciliations. Such reviews should be performed by independent persons to the extent possible and should be evidenced by initials or signature of the reviewer and the date of the review.

Response - Limited staff will continue to make is extremely difficult to implement any changes in this area. We do, however, anticipate more direct involvement on a regular basis from the Great River Regional Waste Authority Commission which will lend itself to improved internal control procedures.

Conclusion - Response accepted.

- (B) Reconciliation of Billings, Collections and Delinquencies - Billings, collections and delinquent accounts were not reconciled each month. As of June 30, 2004 subsidiary detail reports of accounts receivable did not agree with control totals and no reconciliation was available.

Recommendation - Procedures should be established to reconcile customer billings, collections and delinquencies on a monthly basis. The Authority should review the reconciliations, monitor delinquencies and approve write-offs of uncollectible accounts.

Response - We will discuss this issue with our accountants, TD&T, and work with them to assist us in improvement in this area.

Conclusion - Response accepted.

**Great River Regional Waste Authority**  
**Schedule of Findings**  
**Year Ended June 30, 2004**

**Reportable Conditions** (continued)

(C) Missing Documentation - Supporting documentation could not be located for numerous expenditures selected for testing.

Recommendation - Procedures should be established to obtain and retain proper documentation for all expenditures. The Authority should also consider the implementation and use of a purchase order system.

Response - Considerable improvements have already been made in this area and we will continue to work to improve supporting information for all expenditures.

Conclusion - Response accepted.

**Other Findings Related to Statutory Reporting:**

(1) Official Depositories - A resolution naming official depositories has been approved by the Authority. One depository resolution did not specify a maximum deposit amount as required under Chapter 12C.2 of the Code of Iowa.

Recommendation - A new resolution specifying maximum deposits in amounts sufficient to cover anticipated balances at all approved depositories should be adopted in accordance with Chapter 12C of the Code of Iowa.

Response -  
We will examine past resolutions and update them as needed.

Conclusion - Response accepted

(2) Travel Expense - No disbursements of Authority money for travel expenses of spouses of Authority officials or employees were noted.

(3) Authority Minutes - We noted a closed session for which an affirmative roll call vote of at least two-thirds was not documented as required by Chapter 21.5. Two transactions were found that exceeded the amount approved in the Authority minutes.

Recommendation - Procedures should be established to insure that that minutes properly document the actions of Authority officials. Expenditures should never exceed the amount approved by the Authority.

Response - Authority minutes and meeting procedures have been changed to address these issues.

Conclusion - Response accepted.

**Great River Regional Waste Authority  
Schedule of Findings  
Year Ended June 30, 2004**

- (4) Unsupported Disbursements - We reviewed certain payments made by the Authority during the fiscal year ended June 30, 2004 to determine if they were properly approved and supported, if invoices were properly cancelled after payment, if endorsements were reasonable and countersignatures were appropriate and if the payments met the test of public purpose. Of the 55 payments tested, supporting documentation was not available for 23 expenditures:

<b>Paid to</b>	<b>Purpose</b>	<b>Amount</b>
Dell Computers	Landfill equipment purchase	\$ 1,750
Eddy-Walker Equipment	Swap loader - \$22,777 purchase approved by Authority Board	23,040
Ottumwa Landfill	Compost bagging equipment	17,500
Chantland-PVS Co.	Compost equipment purchase	5,480
Visa (State Central Bank)	Lowe's charge	496
Rock Island Equipment	Equipment repair/maintenance/supplies	2,618
Stutsman	Equipment repair/maintenance/supplies	2,990
Beck Oil	Fuel	43
Kiliper Corporation	Compost processing supplies - 3 disbursements	87,996
Great Plains Packaging Systems	Compost processing supplies	11,431
Goods from the Woods	Compost processing supplies	4,200
Sinn Truck Line	Compost processing supplies	17,830
Sinn Truck Line	Compost processing supplies	1,015
Maureen Walsh	Compost processing supplies	8,174
Lee County Conservation Board	Education coordinator	4,000
Visa (State Central Bank)	Site/Building repair & maintenance supplies	1,148
Rebling Brothers Construction	Site/Building repair & maintenance supplies	78,420
Treasurer, State of Iowa	Finance charges	2,435
Visa	Administrative travel	3,556
Drury Plaza Hotel	Compost travel	2,304
Visa (State Central Bank)	Planning travel	2,873

Recommendation - Procedures should be established to obtain and retain proper documentation for all expenditures.

Response - Procedures for obtaining and retaining proper documentation for all expenditures have been improved a great deal and will be continuing to work in this area toward 100% compliance.

Conclusion - Response accepted.

- (5) Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the Authority's investment policy were noted.

**Great River Regional Waste Authority  
Schedule of Findings  
Year Ended June 30, 2004**

- (6) Solid Waste Tonnage Fees Retained - During the year ended June 30, 2004, the Authority used solid waste fees in accordance with Chapter 455B.310(3) and (4) of the Code of Iowa, however actual expenditures of the retained funds did not equal the amounts reported to the Iowa Department of Natural Resources (DNR). Actual expenditures from the Planning Fund were \$14,328 more than reported, while expenditures from the Public Education and Waste Retention Fund were \$9,197 less than reported. In addition, the Authority retained the proper amount of tonnage fees, but not all funds were properly transferred into the Planning Fund and Public Education and Waste Retention Funds. As of June 30, 2004 \$31,766 was due to the funds.

Recommendation - The Authority should immediately transfer the balance of retained fees to the appropriate funds and should reconcile solid waste tax retainage amounts to the transfers on a regular basis. In addition, the Authority should consult with the DNR regarding any requirement to amend filed reports that were inaccurate.

Response - Procedures have been implemented and the Iowa Department of Natural Resources has been contacted. These discrepancies should not occur in the future..

Conclusion - Response accepted.

- (7) Financial Assurance - The Authority has demonstrated financial assurance for closure and post-closure care costs by establishing a local government dedicated fund as provided by Chapter 111.6(8) of the Iowa Administrative Code. The calculation is made as follows:

Total estimated costs for closure and post-closure care for open and covered area - Phase II, region 1	\$ 2,013,974
Less: Fair market value of funds held in the local dedicated fund at June 30, 2003	<u>(2,052,232)</u> \$ <u>(38,258)</u>
Divided by four, the number of years remaining in the pay-in period - required payment into the local dedicated fund	\$ -
Fair market value of funds held in the local dedicated fund at June 30, 2003	<u>2,052,232</u>
Required balance of funds to be held in the local dedicated fund at June 30, 2004	\$ <u>2,052,232</u>
Fair market value of assets Authority has restricted and reserved for closure and post-closure care at June 30, 2004	\$ <u>2,088,250</u>

**Great River Regional Waste Authority**  
**Schedule of Findings**  
**Year Ended June 30, 2004**

**Other Findings**

Compensated Absences

Authority employees accumulate vacation hours for subsequent use or for payment upon termination, retirement or death and are allowed to carry over vacation time from one year to the next. The vacation balances scheduled as of June 30, 2004 exceeded amounts authorized in the Authority's Personnel Policy Handbook for two employees. The ending balances in the Paid Time Off report should be reviewed for accuracy and any time not taken that is not available for carry over should be removed.

Old Outstanding Checks

Several bank account reconciliations include very old outstanding checks. Many of the outstanding checks are over a year old. The Authority does not have a formal, clearly defined policy for disposition of uncashed checks. Because no such policy exists, long-outstanding checks are not handled in a consistent manner. We recommend that management establish a formal, written policy concerning uncashed checks based on current State escheat laws. Such a policy should specify aging milestones with required actions.

Henry County Planning Expenditures

The Authority currently remits the solid waste tax tonnage fees retained for comprehensive planning that are collected for Henry County waste directly to Henry County, rather than to the Planning Fund. The Authority should consider documenting this arrangement in writing. Also, the Authority should determine if these expenditures meet the criteria of Chapter 455B.310 of the Code of Iowa and that the expenditures are properly reported to the Iowa Department of Natural Resources.

Debt Management

Management does not maintain a subsidiary detail of debt payments made and reconcile payments to the amortization schedules. Audit procedures disclosed discrepancies in number of payments made and balances due for four capital leases. Management should research the discrepancies and reconcile with balances that lenders show remaining.

Insurance

The Authority did not have possession of insurance policies, only a summary of coverage amounts. The Authority should acquire and secure all original policies.

Solid Waste Tax Fund

During the year ended June 30, 2004, management transferred \$20,077 more into the Solid Waste Tax Fund than was due to be remitted to the Iowa Department of Natural Resources. Management should monitor and reconcile the amounts transferred into funds on a regular basis.

Policy Regarding Use of Authority Vehicles

The Authority's policy regarding the use of Authority vehicles does not specifically cover documentation of vehicle use, restrictions on vehicle use, commuting or reimbursement by employees for personal use. The Authority should expand the policy to include these areas.